



STATE OF HAWAII
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
P.O. BOX 119, HONOLULU, HAWAII 96810-0119

NOV 16 2010

COMPTROLLER'S MEMORANDUM NO. 2010-35

TO: All Department Heads

SUBJECT: Early Cancellation of 2010 Claims Encumbrances

This is a reminder that all inactive operating funds claims encumbrances recorded as of June 30, 2010, will be cancelled and the related appropriation balances lapsed, if the encumbrances have not been expended by the close of December 2010. This early cancellation process is applicable only to operating funds (general, special, federal, revolving and trust) expended by the executive branch unless otherwise provided by law.

Extension requests and encumbrance lists, that do not follow instructions in this memorandum, will be returned.

An encumbrance will be considered active and will be automatically extended if it meets both of the following conditions:

1. Last activity date of the encumbrance is after August 2, 2010.
2. Total payment against the encumbrance is more than 50% of the encumbrance.

Any claims encumbrance not meeting both conditions as of the close of December 2010 will be considered inactive and will be cancelled. The Department of Education is exempt because of carryover provisions authorized by general law.

Encumbrances that are paid by journal vouchers using transaction code 804 will not be automatically extended even if both conditions are met. Departments must therefore request an extension for these encumbrances. This is because transaction code 804 is not reflected as an encumbrance expenditure in the accounting records.

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Extension requests must also be submitted for federal grant and trust fund encumbrances that do not meet both conditions above, but whose conditions of funding prohibit cancellation of the encumbrances. This is because the federal grant and trust agreement takes precedence over the encumbrance cancellation requirement.

Please submit all extension requests to me through DAGS Accounting Division by December 13, 2010. **All encumbrances should be listed in order by fund, appropriation account, document number and suffix. (see attached for the required format.)**

An enclosed approved/disapproved signature sections must also be included in your extension request. (see attached)

If you have any questions, please call Ms. Irene Yano of our Accounting Division at 586-0641.

A handwritten signature in black ink, appearing to read "Russ K. Saito", written in a cursive style.

RUSS K. SAITO
State Comptroller

Enclosure

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**ATTACHMENT TO COMPTROLLER MEMORANUM 2010-35
EARLY CANCELLATION OF 2010 CLAIMS ENCUMBRANCES**

Required Format for Claims Encumbrance Listing:

Appn Acct	Document#	Vendor Name	Amount
G-10-001-A	1234-01	Vendor A	5,000.00
G-10-001-A	1243-02	Vendor B	3,000.00
G-10-023-A	2436-01	Vendor C	6,000.00
S-10-212-A	3456-01	Vendor D	3,000.00
S-10-222-A	3566-02	Vendor E	2,000.00
S-10-222-A	3566-03	Vendor E	1,000.00
S-10-223-A	4300-01	Vendor F	4,000.00
T-10-901-A	6544-01	Vendor G	9,000.00

Format for Approved/Disapproved Signature Section:

☐ Approved ☐ Disapproved

Wayne M. Horie, Accounting Division Administrator

Dated: _____

☐ Approved ☐ Disapproved

Russ K. Saito, State Comptroller

Dated: _____